



ENERGY ASSURANCE DAILY

Wednesday Evening, June 16, 2010

Major Developments

BP Resumes Containment Operations after Brief Shutdown at Blown-Out Oil Well in Gulf of Mexico June 15 – Company Launches Second Containment System by June 16

BP restarted its lower marine riser package (LMRP) cap containment system at 1:40 PM, local time, just more than four hours after a lightning strike and subsequent small fire led to a stoppage. The company, due to the disruption, collected just 10,440 barrels of oil on June 15. It had captured more than 15,000 b/d since June 8. Separately, BP said it had begun operations through a second containment system. The second system, attached to the Deepwater Horizon's failed blow out preventer (BOP), supplements the existing LMRP cap containment system. The new system is connected directly to the BOP and carries oil and gas through a manifold and hoses to the Q4000 vessel on the surface. The Q4000 flares the captured oil and gas. The new system is expected to increase BP's collection capacity to 28,000 b/d, from 18,000 b/d at present. BP aims to boost that capacity to 80,000 b/d by mid-July, the company said in plans it gave to the U.S. Coast Guard over the weekend.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062965>

http://www.rigzone.com/news/article.asp?a_id=94771

<http://www.reuters.com/article/idUSN1615891920100616>

<http://af.reuters.com/article/energyOilNews/idAFN1615544020100616>

Scientists Say Gulf Well Leaking between 35,000 b/d and 60,000 b/d of Oil

The blown-out MC252 oil well is leaking between 35,000 b/d and 60,000 b/d of oil into the Gulf of Mexico, a team of U.S. scientists estimated on June 15. The new range marks a sharp increase from the team's initial estimate – 12,000 b/d to 19,000 b/d – and a large jump from its previous estimate of 20,000 b/d to 40,000 b/d. The estimate includes the crude being contained.

<http://af.reuters.com/article/energyOilNews/idAFN1615544020100616>

http://online.wsj.com/article/SB10001424052748703280004575309193349786462.html?mod=ITP_pageone_2

BP Establishes \$20 Billion Claims Fund for Deepwater Horizon Spill

BP agreed to create a \$20 billion claims fund over the next three and a half years, and said it would not issue dividend payments for the rest of 2010, according to a company release. BP said the fund would be available to satisfy legitimate claims including natural resource damages and state and local response costs. It would not include fines and penalties, and would not represent a cap on the company's liabilities. Despite earlier resistance, the New York Times reported BP also agreed to compensate oilfield workers who were forced from their jobs by the U.S. government's moratorium on deepwater drilling. The company was expected to put aside \$100 million for the workers, according to the Times.

<http://www.bp.com/genericarticle.do?categoryId=2012968&contentId=7062966>

<http://www.nytimes.com/2010/06/17/us/politics/17obama.html?hp>

President Obama Discusses Oil Spill in Oval Office Address June 15

<http://www.whitehouse.gov/blog/2010/06/16/president-obamas-oval-office-address-bp-oil-spill-a-faith-future-sustains-us-a-peopl>

Electricity

Storms Cut Power to More than 65,000 Customers in Indiana and Ohio June 15-16

Storms cut electricity to more than 40,000 Duke Energy customers in Indiana, 13,000 Indianapolis Power & Light (IPL) customers in Indiana, and about 16,000 Dayton Power & Light (DP&L) customers in Ohio on June 15-16, multiple news sources said. The companies had restored power to most affected customers, as of latest reports.

Duke Energy: <http://www.duke-energy.com/indiana/outages/current.asp#> ,
<http://www.wishtv.com/dpp/news/indiana/severe-thunderstorm-watch-issued-in-indiana>
IPL: <http://apps.iplpower.com/outages/outagemap.aspx> , <http://www.wthr.com/Global/story.asp?S=12656835>
DP&L: <http://www.daytondailynews.com/news/dayton-news/200-customers-still-without-power-dpl-says-765334.html>

Storms Knock Out Power to More than 41,000 Duke Energy Customers in Carolinas June 15

Storms cut power to more than 31,000 Duke Energy customers in South Carolina and 10,000 Duke Energy customers in North Carolina, according to separate news sources. Some 10,576 customers – including 9,091 in South Carolina - remained without power, as of latest reports.

<http://www.duke-energy.com/outages/stats/>
<http://www.wyff4.com/news/23915531/detail.html>
<http://www.wbtv.com/Global/story.asp?S=12654163>

PSE&G Shuts 1,096 MW Salem Nuclear Unit 1 in New Jersey June 15

PSE&G shut the unit to fix a valve, a spokesman said. He did not say when the unit might return to service. The Nuclear Regulatory Commission reported that on the morning of June 15 the unit was operating at full power.

http://www.nj.com/business/index.ssf/2010/06/salem_1_nuclear_reactor_has_un.html

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Update: Duke Energy's 1,100 MW McGuire Nuclear Unit 1 in North Carolina Ramped Up to 75 Percent by June 16

Operators shut the unit on June 12 "due to a control rod drop indication," the company said in a previous filing with the Nuclear Regulatory Commission (NRC). The NRC reported that on the morning of June 15 the unit was operating at 9 percent.

<http://www.nrc.gov/reading-rm/doc-collections/event-status/event/2010/20100614en.html>

Information also derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

Luminant to Restart 591 MW Sandow Coal-Fired Unit 4 in Texas June 15-16

Luminant expected to start the unit on June 15-16 after a trip, the company said in a filing with state regulators.

<http://www11.tceq.state.tx.us/oce/eer/index.cfm?fuseaction=main.getDetails&target=141163>

Update: Energy Northwest's 1,107 MW Columbia Generating Station Nuclear Unit in Washington Ramped Up to 85 Percent by June 16

The Nuclear Regulatory Commission reported that on the morning of June 15 the unit was operating at 69 percent.

Information derived from the NRC Power Reactor Status Reports:

<http://www.nrc.gov/reading-rm/doc-collections/event-status/reactor-status/2010/>

BPA Plans up to \$2 Billion of Electricity Projects in Pacific Northwest

The Bonneville Power Administration (BPA) plans to use up to \$2 billion in federal stimulus dollars to fund numerous major power projects in the Pacific Northwest. Among the projects is a transmission line that would deliver 495 MW of wind-based electricity. The line would run between two dams - McNary and John Day - along the Columbia River.

<http://www.kndu.com/global/story.asp?s=12655334>

Petroleum

ConocoPhillips Extinguishes Fire at 100,000 b/d Ferndale, Washington Refinery June 15

On-site responders extinguished a pump fire at ConocoPhillips' 100,000 b/d Ferndale, Washington refinery on June 15, a company spokesman said. No one was injured and the facility continued to operate, he said.

http://online.wsj.com/article/BT-CO-20100615-715397.html?mod=WSJ_latestheadlines

BP-Husky Pulls FCC Feed after Boiler Snag at 125,500 b/d Toledo, Ohio Refinery June 15

BP-Husky pulled feed from the gasoline-producing fluid catalytic cracking unit (FCC) on June 15, according to a filing with state regulators. The pull occurred about 15 minutes after a boiler malfunction, the filing said.

Reuters, 09:27 June 16, 2010

Shell Restarts Production at Forcados Oil Export Terminal in Nigeria

Shell has "been able to restore production to the level we were before" at its Forcados crude oil export terminal in Nigeria, a company official said on June 15. The terminal had been offline due to militant disruptions. Its typical capacity is about 400,000 b/d, according to Bloomberg News.

<http://www.businessweek.com/news/2010-06-16/shell-restores-output-at-forcados-terminal-in-nigeria-update1-.html>

Apache Producing More than 330,000 Boe/d of Oil and Gas in Egypt

Apache Corporation is producing 195,000 b/d of oil and 810 MMcf/d of natural gas in Egypt, compared to the 109,000 b/d of oil and 325 MMcf/d of natural gas it produced in 2005. The company said in late 2005 that it planned to double its output from Egypt's Western Desert within five years. The new total surpasses that goal. Apache plans to increase its production capacity in the Faghur Basin – part of its Egyptian total – from 26,000 b/d, at present, to 40,000 b/d by the end of 2010.

<http://investor.apachecorp.com/releasedetail.cfm?ReleaseID=479902>

President Obama Selects Michael R. Bromwich as Director of Minerals Management Service

Bromwich is a former Assistant U.S. Attorney and Justice Department Inspector General.

<http://www.whitehouse.gov/the-press-office/president-obama-announces-bromwich-fix-oil-industry-oversight>

Natural Gas

Update: DRBC Extends Natural Gas Drilling Moratorium to Include Exploratory Wells

The Delaware River Basin Commission (DRBC) extended a temporary ban on natural gas drilling in the Delaware River Basin to include exploratory wells, it said on June 14. The DRBC said last month that it would not consider any applications to drill in the Basin until it established regulations for natural gas well pad projects in shale formations. It said then that it could take six months to one year to adopt new rules. The DRBC represents Delaware, New Jersey, New York, Pennsylvania, and the federal government.

http://www.state.nj.us/drbc/newsrel_naturalgas061410.htm

http://www.state.nj.us/drbc/newsrel_naturalgas050610.htm

http://www.philly.com/philly/business/homepage/20100615_Delaware_River_panel_extends_its_gas-drilling_ban.html#axzz0r1Y1bl55

http://www.philly.com/inquirer/breaking/business_breaking/20100506_Some_Marcellus_Shale_drilling_put_on_hold.html

Boardwalk and Southcross Energy to Interconnect Natural Gas Pipeline Systems in Texas

Boardwalk Pipeline Partners, LP and Southcross Energy, LLC plan to interconnect their natural gas pipeline systems to serve producers in the Eagle Ford Shale, South Texas. Boardwalk expects to modify an existing section of a subsidiary's 30-inch pipeline to allow for the delivery of condensate-rich gas from the Eagle Ford Shale. Southcross Energy plans to connect its existing gathering facilities in South Texas to the modified pipe segment, allowing for the delivery of gas to four Gulf Coast processing plants. The companies expect to complete portions of the project later in 2010.

<http://phx.corporate-ir.net/phoenix.zhtml?c=193443&p=irol-newsArticle&ID=1438530>

Energy Assurance Daily, June 16, 2010

Other News

EPA Grabs Jurisdiction over Operating Permits for Power Plant and Chemical Facility in Texas

The U.S. Environmental Protection Agency (EPA) took jurisdiction from the Texas Commission on Environmental Quality's (TCEQ) over air permits for a Chevron Phillips chemical plant and a Garland Power and Light power plant in Texas, saying the state agency had approved draft permits that failed to satisfy federal environmental regulations. The EPA directed the two facilities to apply to it, rather than TCEQ, by September 30, 2010. The EPA grabbed jurisdiction from TCEQ by late last month over a permit for Flint Hills Resources' 288,486 b/d Corpus Christi, Texas refinery, citing similar circumstances.

<http://www.chron.com/disp/story.mpl/headline/biz/7054159.html>

http://www.dallasnews.com/sharedcontent/dws/news/localnews/stories/DNcleanair_26met.ART.State.Edition2.4948870.html

<http://www.thestate.com/2010/05/25/1302622/epa-bars-texas-operating-permit.html#RSS=untracked>

Energy Prices

U.S. Oil and Gas Prices			
June 22, 2010			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	77.16	74.55	70.60
NATURAL GAS Henry Hub \$/Million Btu	5.11	4.89	3.80

Source: Reuters

Energy Notes

Storms Cuts Power to about 10,000 Jackson EMC Customers in Georgia June 15.

<http://www.accessnorthga.com/detail.php?n=230098>

NRC Says PG&E Has Difficulties Fixing Low-Level Safety Issues at 2,323 MW Diablo Canyon Nuclear Power Plant in California – Despite Problems, Agency Says Plant Ran Safely in 2009

<http://www.sanluisobispo.com/2010/06/14/1178612/diablo-canyon-safety-record-to.html>

Update: PSE&G to Purchase Wetland Acreage for Construction of New Nuclear Power Plant in New Jersey

http://www.nj.com/news/index.ssf/2010/06/pseg_plans_to_buy_wetlands_to.html

Federal Judge Rejects SWEPCO's Motion to Drop Environmental Lawsuit Related to Proposed Coal-Fired Power Plant in Arkansas

<http://arkansasnews.com/2010/06/15/judge-won%E2%80%99t-dismiss-federal-lawsuit-over-coal-plant/>

Alaska Electric, Light and Power Finishes Repairs at Lake Dorothy Hydroelectric Facility in Alaska over Weekend

<http://www.ktuu.com/Global/story.asp?S=12649961>

Energy Assurance Daily, June 16, 2010

Update: Chemical Coating Spotted on Water at Entrance to Great Salt Lake in Utah – News Source Suggests Weekend Rupture along Chevron Pipeline could be to Blame

<http://www.abc4.com/content/news/slc/story/Oil-spill-reaches-Great-Salt-Lake/gNrTJy13XkKlp0FdF27PKw.csp>

Tanker Spills about 3,000 Gallons of Fuel into Massachusetts Wetlands

http://www.necn.com/06/15/10/Crews-work-to-clean-up-oil-spill-in-Char/landing_newengland.html?blockID=254287&feedID=4206

Update: Montana PSC Asks TransCanada to Resubmit Application for Common-Carrier Status and Clearly Recognize State's Regulatory Power Related to Proposed 280-Mile Oil Pipeline through State

http://billingsgazette.com/news/state-and-regional/montana/article_0d65990e-7909-11df-9761-001cc4c002e0.html

Update: Judge Okays Hyperion's Request to Reopen State Air Permit for Proposed 400,000 b/d Refinery in South Dakota

<http://www.google.com/hostednews/ap/article/ALeqM5gHaAegMBm7aQuns1z7lqofbWz8jgD9GC2R400>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

Energy Assurance Daily provides a summary of public information concerning current energy issues. Published Monday through Friday to inform stakeholders of developments affecting energy systems, flows, and markets, it provides highlights of energy issues rather than a comprehensive coverage. *Energy Assurance Daily* is updated online Monday through Friday after 5:00 p.m. EST. For more information, visit the Infrastructure Security and Energy Restoration (ISER) website at:

<http://www.oe.netl.doe.gov/ead.aspx>

Please direct comments and questions to: ead@oe.netl.doe.gov